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February 3, 2006

DMH LETTER NO.: 06-03

TO: LOCAL MENTAL HEALTH DIRECTORS  
LOCAL MENTAL HEALTH PROGRAM CHIEFS  
LOCAL MENTAL HEALTH ADMINISTRATORS  
COUNTY ADMINISTRATIVE OFFICERS  
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: MENTAL HEALTH SERVICES ACT COMMUNITY SERVICES  
AND SUPPORT—BUDGETS AND START-UP FUNDING

REFERENCE Implementation of MHSA, Welfare and Institutions Code (WIC)  
Sections 5847, 5848, and 5892

The purpose of this letter is to transmit clarification regarding budget and start-up funding requirements for the Community Services and Supports (CSS) component of the MHSA.

Each annual budget for ongoing expenditures (including administrative costs) of CSS in the county's Three-Year Program and Expenditure Plan cannot exceed the county's planning estimate transmitted in DMH Letter No.: 05-02 for fiscal year 2005-06 and adjusted for a one percent increase in fiscal year 2006-07 and a subsequent 5.9 percent increase in fiscal year 2007-08 (Enclosure 1). Thus, counties should not plan to include unbudgeted amounts from CSS planning estimates from one fiscal year into budgets for subsequent fiscal years in order to support ongoing expenditures in excess of the county's planning estimate. Start-up funds, described in DMH Letter No.: 05-06 are not considered ongoing expenditures. Start-up funds (from the initial fiscal year 2005-06 planning estimate) may be expended during any of the three years.

Welfare and Institutions Code Section 5847 requires the Department of Mental Health (DMH) to review and approve the Three-Year Program and Expenditure Plan and for the Oversight and Accountability Commission (OAC) to review the plan. Budgets for ongoing CSS services and supports shall be based on the estimated implementation date which cannot precede the month of DMH approval. The fiscal year 05/06 amount for ongoing CSS services and supports will be prorated based on start date. Workplans for the initial Three-Year Program and Expenditure Plan Submissions for CSS should have projected start dates that allow for a 90-day review by the Oversight and Accountability Commission (OAC) and Department of Mental Health (DMH) and approval by DMH. If resubmissions are required, no due date for those revisions will be established by DMH. The timeframe for OAC and DMH review and DMH approval of resubmissions should allow for 2-4 weeks depending on amount and complexity of revisions to the initial submission. Revised implementation timelines and budgets may be necessary in resubmissions.

In order to expedite the approval process, start-up funds for Extension of Community Program Planning and System Improvement Funding, which can include restoration of funding for AB 2034

funding to prior levels, should be submitted separately and in advance of the Three-Year Program and Expenditure Plan. The Other One-time Community Services and Supports Funding as described in DMH Letter No.: 05-06 must be submitted with the Three-Year Program and Expenditure Plan.

Requests for Other One-time Funding must be submitted with sufficient detail for DMH and the OAC to complete their review within 60 days of the approval of the county's Three-Year Program and Expenditure Plan for CSS. These requests should include, at a minimum, a description of the proposed use of funds, a description of how the budget amount was determined, and the proposed target date these funds will be needed. Requests for all of the start-up and One-time funds can total up to 50% of the planning estimate. Counties may submit extraordinary requests for start-up and One-time funds for an additional 25% of the planning estimate. If counties request more than 50% of their planning estimate for start-up and One-time costs, they must provide a priority listing of all start-up and One-time funds and a description of the extraordinary circumstances necessitating the additional funding for those priorities exceeding the 50% threshold.

Related to Information Technology (IT) funding requests, counties should include on-going IT operations and maintenance costs (including anticipated technology refresh) as part of their CSS program budgets as operating expenditures. Initial one-time hardware and software purchases that support expansion or development of new programs (e.g., new staff needing new workstations) should be requested as Other One-time CSS Funding. System development projects or any other type of system project, are allowable expenses only under Other One-time CSS Funding as described in DMH Letter 05-06. Funding requests for proposed IT software expenditures must include the additional information requested (Enclosure 2). Counties wishing to undertake IT projects and that have already submitted plans without the additional IT project information may forward this information to their assigned DMH County Operations staff at any time.

If you have any questions or need additional information, please contact the County Operations staff assigned to your county (Enclosure 3).

Sincerely,

Original signed by:

STEPHEN W. MAYBERG, Ph.D.  
Director

Enclosures

cc: Mental Health Services Oversight and Accountability Commission  
California Mental Health Planning Council  
Chiefs, County Operations Section  
Chief, Local Program Financial Support  
Chief, Fiscal Systems